



October 10, 2006

Mr. Doug Jensen  
Environmental Scientist/Reclamation Engineer  
State of Utah – Dept of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

RE: Escalante Silver Mine – Request for Surety Reduction – M/210/004

Dear Doug,

Hecla Mining Company requests surety reduction regarding the tailings impoundment (65 acres) and waste dump (5 acres). The earthwork and re-seeding are complete and the vegetation is self-sustaining. See attached Impoundment Area map.

We request reduction of the "Reseed all disturbed areas" line item of the Reclamation Estimate. Currently, this item represents 108 acres at a cost of \$290/acre, giving a total of \$31,320.

The estimated value of the completed work is:

- 70 acres @ \$290/acre.....	\$20,300
- 10% contingency.....	2,030
Subtotal.....	\$22,030
- Escalation, 5 years @ 2.01%.....	2,305
Total.....	\$24,335

Release of the subtotal of \$22,030 leaves a remainder of \$9,290 ( $31,320 - 22,030$ ). This amount is more than adequate to cover the cost of revegetation of the remaining acreage, which is essentially the tailings road. In addition, the remaining amount will also cover five years of annual weed control (Hecla letter re: Escalante Silver Mine – Weed Control, dated October 10, 2006).

The surety bond should be decreased from \$389,300 to \$364,965. See attached Reclamation Estimate.

If you have any questions please contact me at 208.769.4112 or [pglader@hecla-mining.com](mailto:pglader@hecla-mining.com).

Sincerely,

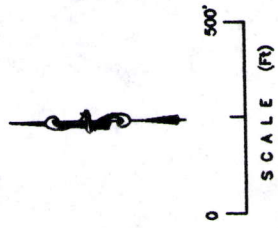
Paul L. Glader  
Manager Environmental Services

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TMW 2

TMW 4

TAILINGS DAM

65 acres  
TAILINGS IMPOUNDMENT

TMW 1

TMW 3

3 2  
10 11

ROAD TO TAILINGS IMPOUNDMENT

P-11  
PUMP

Sacres  
WASTE  
ROCK  
PILE

MILL  
AREA

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ESCALANTE MINE  
**IMPOUNDMENT  
AREA  
MAP 3**

DIXIE CABLE

HECLA MINING COMPANY  
RECLAMATION RESPONSIBILITY



# RECLAMATION ESTIMATE-REDUCTION FOR WORK NOW COMPLETED

Hecla Mining Company

Escalante Silver Mine - Mill Tailings Facility

M/021/004 Iron County, Utah

Prepared by Utah State Division of Oil, Gas & Mining

ALSO SEE NOTEBOOKS A, C & D

DRAFT

last revision 08/17/94

filename M21-04R2.WQ1

NOTEBOOK 'B'

Reclamation Details & Comments regarding work completed

- Estimate for reclamation of facilities areas has been revised on Notebook 'C'
- Revised tailings cover: 10" capillary, 18" subsoil, 6" topsoil (65 acres)—COMPLETED
- Manure incorporated into tailings subsoil & topsoil caps (2-3,000 lb/acre)—COMPLETED
- Road to tailings reduced via ripping & seeding (5,800' x 12' = 1.6 acre)
- Impoundment runoff ditch constructed around tailings cap (7,200')—COMPLETED
- Subsoil borrow areas regraded & ripped (HECLA ESTIMATE 31 acres)—COMPLETED
- Surface layer of tailings to be compacted (ASSUME with a dozer)—COMPLETED
- Rip topsoil stockpile area & drill seed (9 acre ESTIMATE)—RIPPING COMPLETED?
- Monitor groundwater wells for 4 years after reclamation (quarterly)
- Fence maintenance 3 years (7,900 + ~ 10,000 LF, quarterly)
- Areas revegetated via drill seeding unless impractical (= > hand seeding)
- Disturbed acreage = office + tailings + borrow + roads + stockpile =

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Description	Amount	\$/Unit	Cost-\$	
Facilities demolition/removal	DOGM EST.	0	267,071	NOTEBOOK 'C'
Tailings surface compaction (0.6 MPH)	65 acre	407	0	COMPLETED
Waste rock capillary barrier 10"	87,389 CY	2.46	0	COMPLETED
Tailings subsoil cap 18"	157,300 CY	1.51	0	COMPLETED
Tailings topsoil cap 6"	52,433 CY	1.55	0	COMPLETED
Disc manure into tailings soils	65 acre	250	0	COMPLETED
Ripping tailings road (0.40 mph)	1.6 acre	603	965	
Runoff ditch construction	7,200 ft	0.32	0	COMPLETED
Ripping borrow areas (0.50 mph)	31 acre	407	0	COMPLETED
Rip topsoil stockpile area	9.0 acre	407	0	COMPLETED?
Reseed all disturbed areas	108 acre	290	31,320	
Monitor groundwater (quarterly)	4 yr	1,200	4,800	
Fencing-borrow areas (LF estimated)	10,000 LF	1.00	10,000	
Mobilization	5 units	1,000	5,000	
Fence maintenance (quarterly)	3 yr	400	1,200	
SUBTOTAL			320,356	
+ 10% CONTINGENCY			32,036	
SUBTOTAL			352,391	
+5yr ESCAL (2.01%)			36,868	
UPDATED TOTAL			389,259	
ROUNDED TOTAL 1999-\$			\$389,300	→ 364,965

AMOUNT OF SURETY BOND

\$771,000

AMOUNT OF CURRENT FORMS OF SURETY (2 CDs)

\$181,500

TOTAL AMOUNT OF SURETY CURRENTLY POSTED

\$952,500

LESS REVISED RECLAMATION ESTIMATE

\$389,300

BONDING "SURPLUS" =

\$563,200